C5150-2

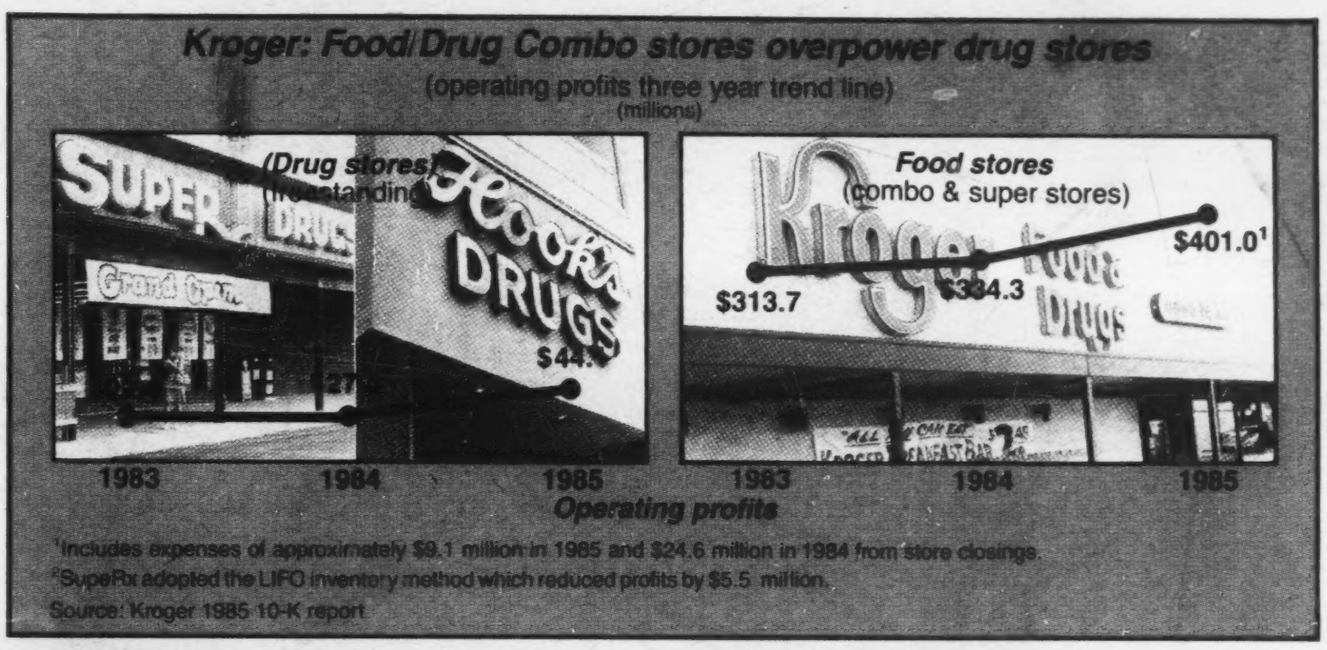
Beauty Beat:
Intense colors, floral scents forecast for fall—p. 9

C.E. Lesson: ACPE
Exploring drug delivery systems—p. 53

Inside Pharmacy:
Rxers views mixed on mail-order drugs—p. 48

DRUG STORE NEWS

Vol. 8/No. 18 **Serving chains, wholesalers and high-volume independents for 57 years.** Published by Lebhar-Friedman Inc. August 18, 1986



KK&R to divide Safeway assets; Dart drops bid

By Dave Vaczek

OAKLAND, Calif. — The expected breakup of Safeway Stores under new owner Kohlberg, Kravis, and Roberts took form when the Dart Group dropped its hostile bid in return for pieces of the company.

KK&R said it will negotiate the sale of some assets of the 2,365-store supermarket chain to Dart, in what retail analysts said is just the start of a required divestiture to pay for the $4.2 billion buyout.

The buyout specialist's agreement with Dart cleared the way for its $69 per share tender offer, which the Safeway board of directors embraced after a six-week hostile siege by the Landover, Md.-based owner of discount book and auto parts stores.

Besides earning Dart a piece of Safeway, the Haft family's persistence helped erase their burgeoning reputation as green mail artists, analysts told *Drug Store News*. Herbert Haft and his

Continued on page 62

Dart ventures rewarded well

LANDOVER, Md.—The Dart Group scored another bull's-eye with its stock position in Safeway Stores, earning it roughly $80 million.

Dart fought for Safeway with a war chest enriched by other direct hits on takeover targets. It gained $13.3 million when it sold its shares of May Department Stores and Jack Eckerd Corp.—retailers it had threatened to buy, but then backed out, after the stock price soared.

Analysts said Dart profited similarly from its stock positions in Beatrice Cos. and Revco.

That's on top of the $75 million it earned from the $160 million sale of Dart Drug Stores to a management group in a 1984 leveraged buyout.

Kroger leans on combos, will determine drug store fate

By Liz Parks

CINCINNATI — The Kroger Company says it will take at least until September before it knows the exact fate of its 891 drug store division.

Management, which announced last month that it will either sell or partly divest its drug store division, said it will take that long for Kroger executives to determine the exact value of the retail division and which of several options now before them would be the most viable.

"The first step is for us to get a feeling for the value of the division," said Paul Bernish, spokesman for the $17 billion conglomerate whose main business is supermarket retailing.

Considering options

"Then we may determine that we may not want to sell, or that we may want to sell to a number of different companies rather than sell just to one bidder, or we may spin off the drug store division as a separate company, or we may choose to sell part of the company, but keep an ownership position in the rest.

"I honestly don't know if a leveraged buyout has been considered yet, but that, too, would be in the realm of possibilities." Bernish added that no decision has been made on whether the top managers at SupeRx and Hook will be asked to transfer to the food store division.

Some security analysts have estimated that the drug store division, which consists of about 563 SupeRx stores and about 328 Hook drug

Continued on page 62

Drug retailers refocus on core biz, stress ROI

News Analysis

NEW YORK — According to Wall Street, the retail drug store industry is entering a new era in the business cycle: the era of consolidation.

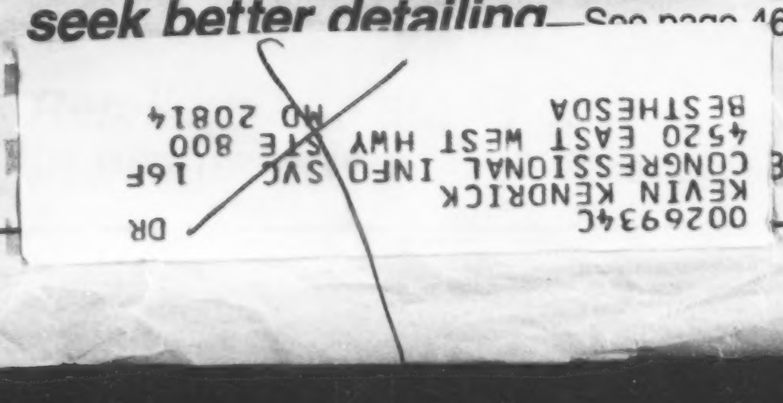
The consolidation, or "deconglomeratizing phase," as some analysts call it, is manifesting itself in the recent divestiture strategies adopted by nondrug store retailers who are choosing to dispose of their retail drug store divisions—Kroger and Sherwin-Williams are examples—and also in the divestiture by pure drug store companies of nondrug store related businesses, as Eckerd and Revco did.

See Gray, page 3

The move is part of an overall retail trend to pull away from diversifying into

Continued on page 62

DrSN *survey: Pharmacists seek better detailing* —See page 16



'Cadillac of food retailers'

Cullum steps up combo openings

By Marjorie Shaffer

DALLAS — Cullum Companies is opening the largest number of combo stores in its 50-year history, to fortify its key position in this market.

After shuttering all 12 of its California Pantry grocery stores and its stores in the Midwest, Cullum generated the cash flow this year to open four 53,000-sq.-ft. combo stores here under the Tom Thumb-Page banner. Two more combo stores are scheduled to open in Dallas by the end of the year, and about five are planned for 1987, according to Jack Sprabary, Cullum's merchandise manager.

Cullum, which rings up $1 billion a year in sales, is focusing "all its effort now on the Tom Thumb-Page combos, the Cadillac of food retailers in the Dallas area," said Dan Wewer, an analyst for Atlanta-based Robinson Humphrey, a subsidiary of Shearson Lehman Brothers. "They are trying to do the same thing in Austin with Tom Thumb-Page," he said. Plans are already under way to build a 64,000-sq.-ft. super combo store in the Austin market, where Cullum has three conventional Page drug stores and six Tom Thumb grocery stores," according to Cullum's Sprabary.

Nevertheless, plans for expansion may be dampened by the downswing in the Texas economy and the drastic weakening of the oil industry. While Dallas has not been as hard hit as oil-driven Houston, analysts said retail sales in the Dallas market have dropped.

"Same-store sales that were 5% to 7% a few years ago now tend to be flat" said analyst Wewer. "It has to be affecting Cullum."

Continued on page 61

TOM THUMB PAGE

Cullum looks to combos

Current store count

33	Tom Thumb-Page food/drug combos
28	grocery stores
13	freestanding Page drug stores
1	Simon David upscale food/drug combo
75	*Stores total*

Source: Cullum Companies

NEWS IN BRIEF

Cos. adopt take-over defenses

SAN FRANCISCO — Amfac adopted a preferred share purchase rights plan as an antitakeover defense measure.

In a strongly worded letter to shareholders, president and ceo Ronald Sloan called the move "a prudent safeguard against the abusive tactics, unfortunately prevalent today, which squeeze shareowners. . . ."

The rights, designed to keep share ownership in current hands, are exercisable if a person or group acquires 20% or more of common stock, or announces a tender offer for 30% or more.

Amfac said the move isn't a response to any specific attempt to take over the company, which is parent of Amfac Health Care, the nation's seventh-largest pharmaceutical wholesaler.

In a similar move, Walgreen's board of directors also adopted a preferred share purchase rights plan to protect shareholders of record Aug. 21.

Peck Wolson Katz Pories

Peoples names four merchandising vp's

ALEXANDRIA, Va. — Peoples Drug Stores has promoted three merchandising executives and one importing executive in central marketing, which services 500 stores in its mid-Atlantic and Midwest divisions, announced senior vp-marketing, Fred Edwards.

Stephen A. Peck, 42, was named vp-gmm, replacing William Eagleson, who was recently appointed corporate senior vp-distribution.

Fred Wolson, 57, was named president of Peoples' King Importing subsidiary.

Gerald I. Katz, 36, was named vp-merchandising for housewares and sundries, assuming Wolson's former spot. Katz will also remain as assistant director of imports for King.

William Pories, 34, was named vp-health and beauty aids and private brands, taking Peck's former spot.

All merchandising vps will report to Peck, who reports to Edwards.

Revco promotes Jones and Carfagno

TWINSBURG, Ohio — Revco has promoted two of its senior merchandise directors to the newly created positions of divisional merchandise directors, reporting to vp, merchandising, Neil Roth.

Ellis Jones will be responsible for purchasing and marketing all pharmaceuticals, H&BA, cosmetics and fragrances.

Philip Carfagno will buy and market appliances, electronics, housewares, hardware, stationery, candy food and tobacco.

INDEX

Beauty Beat 9
Classified 61
Cosmetics: Category in motion 18
Editorial 4
Financial 6
Inside Pharmacy . . . 21
Merchandising Trends 13
People in the News . . . 8
Product Update 17

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Vol. 8, No. 18 August 18, 1986

Wonder World prototype links deep-discount H&BA, apparel

By Dave Vaczek

BOZEMAN, Mont. — Pay Less NW has linked deep discount H&BA with off-price apparel in its Wonder World prototype. The new stores will lead the chain into five new Western states this year, Pay Less officials said.

The 55,000-sq.-ft. format, unveiled here in the 190-store chain's first Montana penetration, will replace the Value Giant deep discount prototype. It will be the vehicle for eastward growth into Arizona, Colorado, Texas and Oklahoma.

There are key differences between the Wonder World Family Discount Center and Value Giant, although the new prototype is based on Value Giant in its massive consumables displays, cut carton H&BA, and gm and apparel lines carried by K mart, Pay Less's parent.

Most notably, Wonder World eliminated pharmacy to support a price-driven strategy, relying on low-margin, high-volume sales and cost containment. "A pharmacy's expensive to run. You don't start at top volume, you start at zero," a Pay Less official told *Drug Store News*.

Larger than the 30,000-sq.-ft. Value Giant, Wonder World also differs in these respects:

- Apparel pricing averages 20% to 30% below the prices of apparel in K mart, Value Giant and the standard Pay Less superstore.
- Freezers with bulk food items, warehouse clubstyle.
- Increased sku's, compared to Value Giant, in deep discounted H&BA. (Total sku's are about 20,000, compared with 40,000 in the standard Pay Less store.)
- Increased assortments in toys, stationery, automotive, housewares and sporting goods.

Pay Less president Ron Schiff said Pay Less will open as many as 12 Wonder Worlds this year, with its second and third stores in Palestine and Nacogdoches, Tex., near Dallas. They will be refurbishments of underproducing mid-sized K marts.

Schiff said the format will also be rolled out into former TG & Y department stores that Pay Less will buy in Southwestern markets, identified by a source as including Colorado, Oklahoma and Arizona.

Pay Less launched its first Wonder World deep discount prototype in a former Woolco site in Bozeman, Mont. The next few sites will be in former K marts.

The $1 billion chain bought by K mart in March 1985 has said it will expand aggressively into contiguous markets, pursuing the goal of becoming a national chain. It will open its second Montana store—a conventional unit—in Helena later this year.

The prototype includes strong seasonal merchandise, with the mix changing from deal to deal. The Bozeman store opened with high-end barbecue grills, videocassette recorders, small refrigerators and 19-in. color televisions.

"It will be the kind of place that I think is going to be fun for people to shop, because each time they come in they will see merchandise they haven't seen before," said Schiff.

Apparel here will be a mix of branded lines carried by K mart and nonbranded items bought by Wonder World's separate four-man buying staff, said Jerry Eden, the new division's apparel merchandising manager.

"We will try to sell the customer the same quality merchandise, and the same merchandise found in a K mart at as much as 50% off."

Eden will do this by buying overruns and closeouts, by making midseason purchases as he develops a full range of fixture-displayed apparel with 450 sku's, he said.

Southern Calif. Pay Less shares a wall with K mart

OCEANSIDE, Calif. — Pay Less' first store in southern California, opened July 24, makes history two ways: It's the first Pay Less store to share a wall with parent K mart, and it's the first Pay Less nameplate to appear in southern California in 10 years.

The first foray was under Pay Less Oakland, which Pay Less NW acquired in 1980.

The store here is also one of the few Pay Lesses with selling space as small as 17,000 sq. ft. The store totals 20,000 sq. ft., plus a 2,000-sq.-ft. exterior garden shop.

Plans 2 more stores

Pay Less will open two more in this town 20 miles north of San Diego—one in November and another next March.

Pay Less often goes with two prototype sizes, 31,000 sq. ft. and 23,000 sq. ft., in "unexceptional locations," a company source said.

However, the first Oceanside unit is a converted supermarket with fixed footage.

To maximize use of the cube, Pay Less went to 72-in.-high gondolas throughout the store, and 96 in. in shoes, compared to usual 54- and 60-in. heights. The raised gondolas permit the store to carry as many sku's (25,000) as a larger unit.

Gondola runs are shorter. The front run is 20 ft., followed by two 24's. In conventional-sized stores, all three runs are 28 ft. long.

Vendors cite gray-market hazards

WASHINGTON — Anti-gray market H&BA manufacturers urged Congress to reject pending legislation that would allow drug chains to continue marketing unauthorized "parallel imports" of brand-name drugs, toiletries and other foreign-made products.

In testimony before the Senate International Trade Subcommittee, Robert Miller, Charles of the Ritz president, charged that gray market versions of his firm's Yves Saint Laurent Beaute cosmetics and other H&BA imports may pose health risks to U.S. consumers.

"Gray market products that are ingested or applied, such as food, cosmetics, fragrances and pharmaceuticals, may be prepared differently for foreign markets" and therefore may "not comply with United States ingredient labeling requirements," he told Congress.

"Others, like gray market Procter & Gamble detergent, may lack ingredients essential to proper performance under water conditions" in this country, while "still others may contain ingredients prohibited by Federal law because they may cause severe allergic reactions or may be carcinogenic," Miller charged.

Found dyes banned in U.S.

Testifying on behalf of the Coalition to Preserve the Integrity of American Trademarks (COPIAT)—a group of multinational manufacturers seeking to curb competition from lower-priced "parallel imports" of their own foreign-

Continued on page 61

FINANCIAL

Pay 'n Save keeps to expenditure schedule

SEATTLE — Despite legal action by Pic 'N Save, which seeks to halt implementation of the "Zimmerman merchandising strategy," Pay 'n Save's capital expenditure program is proceeding on schedule.

According to the prospectus for an expanded security offering (from $275 million to $352 million), Pay 'n Save spent $4.4 million for the six months ended May 3 to fixturize its 350,000-sq.-ft. Auburn, Wash., distribution center (DC). The drug chain also spent $432,000 to improve its management information systems (MIS).

For the balance of the current fiscal year, Pay 'n Save plans to spend an additional $18 million on its distribution facilities and $3 million in store remodeling.

Pay 'n Save will add 250,000 to 350,000 sq. ft. to its present Auburn, DC by April 1987. An additional 300,000 sq. ft. may be added if needed. (Pay 'n Save has space for a total of one million sq. ft. at its Auburn location.)

In the interim, Pay 'n Save is temporarily leasing 300,000 sq. ft. of warehouse space.

Need for more space

One reason for the need for additional space is the nature of the "Zimmerman merchandising strategy," which is centered around the procurement of low-priced merchandise—usually imports, closeouts and overruns. That merchandise is usually purchased in large quantities, and the low per-item dollar value means that more space is needed per dollar of inventory investment. Buying more goods direct also necessitates more storage.

Due to the significantly higher inventory levels, Pay 'n Save plans to spend approximately $20 million on inventory buildup for the balance of the fiscal year, ending in November. The prospectus adds that "higher inventory levels may result in shorter payment terms to certain vendors."

Currently, Pay 'n Save's largest supplier is Northwestern Drug, a wholesale subsidiary that supplies 18% of Pay 'n Save's merchandise (pharmaceuticals, H&BA, some gm and seasonal items).

The prospectus notes that no other supplier provided Pay 'n Save with more than 5% of its total merchandise purchases for the fiscal year ended Nov. 2, 1985.

In discussing Bi-Mart, the discount drug subsidiary, the prospectus says that Bi-Mart purchased 8% of its total inventory from Northwestern last year (mainly Rx, OTC-H&BA) and expects to continue purchasing these products from Northwestern.

Warehousing speculation

However, the prospectus did not specify that Pay 'n Save stores would continue to buy from Northwestern. This leads to speculation that under the new DC arrangement, both Rx and H&BA may be warehoused by Pay 'n Save instead of Northwestern. One clue to support this viewpoint: A Northwestern exec told *Drug Store News* recently that Northwestern is operating at capacity and would welcome space-relief.

Pay 'n Save's principal focus in modernizing its MIS systems is a new computerized warehousing system designed to track the flow of goods from the time they are purchased until they are received at the stores. The system provides daily sales and gross margin information, broken down as to vendor, store and type of merchandise. It also provides buyers with up-to-date reports on item movement, profitability, and margin contribution. Another area now being developed is financial systems to generate timely reports for accounts payable, general ledger and other functions.

Pay 'n Save operates 107 drug stores, in Washington, Alaska, California, Montana, Idaho, Wyoming and Hawaii. Bi-Mart operates 33 stores in Washington and Oregon.

McKesson reports gains in 1st-qtr. revenues, net

SAN FRANCISCO — McKesson Corp., propelled largely by performance in its drug and health care group, reported an approximate 25% gain in first-quarter net income and revenues in the period ended June 30.

The nation's largest drug wholesaler, estimated to hold a 25% share of the U.S. drug distribution market, expected revenues to reach approximately $1.71 billion in the period, up from $1.37 billion, as net income rose to about $21.2 million, up from $16.9 million, in the quarter.

Sales contribution from the drug and health care group was $1.1 billion, a 31% gain over the prior year's comparable quarter. Operating profit in this division rose 28% to $27.4 million, Tom Field, president and new ceo, told shareholders at the recent annual meeting.

These figures follow 65% sales gains and 48% profits gains in fiscal 1986, and include contributions of Spectro and S-P Drugs and Mass Merchandisers Inc., acquired last year for $380 million, and the effect of interest costs associated with those purchases.

Another top McKesson official said at least half of the improvement in the drug group's first quarter comes from "strong results of our ongoing businesses," excluding the acquisitions.

Field said that although McKesson is digesting its recent acquisitions, it wouldn't rule out strategic opportunities, perhaps in retail distribution or office products areas.

Ketchum earnings down, sales up

NORWALK, Conn. — Ketchum & Co., one of the top 15 drug distributors in the country, reported lower earnings and record sales for the fiscal year ended April 30.

Full-year earnings fell to $200 million, down from $643 million in the prior year, as sales rose to $304 million, up from $274 million the year before.

A fourth-quarter loss magnified the fiscal year earnings slide. Ketchum lost $160 million in the year's final quarter, compared with earnings of $157 million in the comparable quarter a year earlier.

President and coo Robert J. Hoyt attributed the fourth-quarter loss to several factors: a peaking of internal costs associated with a computer systems upgrade, continuing large premiums associated with insurance, and higher interest costs because of larger working capital requirements and the funding of capital assets.

He believes such spending will position Ketchum for future growth.

Name	Symbol	STOCK PRICE From 07/18/86 - 07/30/86 High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	EARNINGS/SHARE Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change Amt.	Latest 12 Months vs Preceding 12 Months Change Pct.	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yield
-	-	$	$	$	$	%	$	$	$	$	%	-	$	%
Chain Store transactions														
Am Stores	ASC	67.25	61.75	62.25	-4.75	-7.09	71.25	53.13	4.11	-1.33 q	-23.8	14.6	.84	1.3
Begley Co	BGLY	22.50	22.50	22.50	-.50	-2.17	23.50	15.50	1.27	.01 f	.8	17.7	.72	3.2
Big B	BIGB	17.88	16.88	16.88	-.63	-3.57	18.75	12.63	.61	-.04 q	-5.7	25.6	.00	.0
Drug Sys	DRGS	8.25	7.25	7.25	.13	1.75	8.25	3.75	-.43	-.78 f	-100.0	NE	.45	6.2
Fay's Drug	FAY	9.75	8.88	9.63	-.13	-1.28	11.75	8.00	.20	-.50 q	-87.7	NM	.20	2.1
Genovese Drug	GDX	14.38	13.25	14.38	.13	.88	15.00	9.63	.73	-.17 q	-19.1	20.0	.20	1.4
Longs Drg Strs	LDG	34.75	31.25	32.38	-2.38	-6.83	38.75	24.75	1.74	-.19 q	-9.9	18.7	.76	2.3
Medicare Glaser	MGCO	4.75	4.75	4.75	.00	.00	5.00	3.50	-.20	-.25 f	-100.0	NE	.00	.0
Medicine Shoppe	MSII	30.00	29.25	29.75	.00	.00	32.00	21.00	.84	.14 s	18.2	32.7	.00	.0
Perry Drug	PDS	19.00	18.13	18.38	.13	.68	20.88	12.75	.98	.14 *	16.7	18.8	.22	1.2
Revco Drug	RDS	36.00	33.25	34.13	-1.25	-3.53	39.88	24.25	1.72	.66 f	62.3	19.8	.80	2.3
Rite Aid Corp	RAD	33.00	30.75	32.75	1.25	3.97	35.50	21.50	1.52	.09 q	5.6	19.4	.58	1.8
Thrifty Cp	TFD	38.63	36.75	37.25	-.25	-.67	40.38	18.13	1.60	.10 n	6.4	22.4	.64	1.7
Walgreen Co	WAG	38.63	34.88	36.13	.50	1.40	39.50	22.50	1.53	.14 n	9.2	21.6	.50	1.4
Wholesaler's transactions														
Alco Hlth	AAHS	22.25	21.25	21.25	-.88	-3.95	25.38	12.75	1.10	1.19 s	NC	17.9	.00	.0
Bergen Bruns	BBCA	23.13	22.25	22.50	-.50	-2.17	37.25	21.88	1.82	-.26 n	-14.4	14.5	.32	1.4
Bindley Wstn	BIND	12.25	11.00	11.25	-.63	-5.26	12.50	7.75	.79	.10 q	13.2	13.1	.00	.0
Cardinal Distrb	CDIC	22.00	20.50	20.75	-1.25	-5.68	25.25	14.22	1.36	.44 f	47.8	15.3	.08	.4
Durr Fillauer	DUFM	14.75	12.13	12.13	-3.00	-19.83	16.75	9.25	.78	-.02 s	-2.5	15.3	.16	1.3
Ketchum	KCH	18.63	15.63	18.63	2.00	12.03	23.25	14.75	.56	-.01 n	-2.2	42.3	.00	.0
McKesson Cp	MCK	66.25	60.13	63.50	3.00	4.96	66.25	44.88	3.96	.37 q	10.1	15.7	2.56	4.0
Moore Med	MMD	22.88	22.13	22.75	.75	3.41	25.00	15.75	1.45	.29 q	25.7	16.0	.00	.0
Owens & Minor	OBOD	15.63	14.13	14.25	-1.13	-7.32	20.25	13.38	1.14	-.03 s	-2.8	13.6	.30	2.1
Manufacturer's transactions														
Abbott Labs	ABT	51.38	48.25	49.25	-1.25	-2.48	55.00	26.44	1.94	.32 s	17.8	23.2	.84	1.7
Am Home Prod	AHP	89.25	85.13	86.13	-1.50	-1.71	92.38	54.75	4.70	.40 s	8.8	17.5	3.10	3.6
Baxter Travenol	BAX	18.50	17.75	18.38	.13	.68	21.25	12.38	.85	.43 s	238.9	30.1	.40	2.2
Block Drugs Co	BLOCA	26.50	25.50	25.75	.25	.98	26.50	18.69	1.84	.14 f	8.2	14.0	.50	1.9
Bolar Pharm	BLR	28.63	24.13	24.50	-4.25	-14.78	32.88	12.00	.71	.17 q	26.2	29.9	.05	.2
Bristol-Myers	BMY	83.75	76.38	78.88	-5.75	-6.79	88.50	53.63	3.86	.24 s	6.6	20.3	2.20	2.8
Carter-Wallace	CAR	76.50	69.63	73.00	3.50	5.04	76.50	32.38	3.63	1.03 q	35.9	18.7	.80	1.1
Forest Labs	FRX	18.38	17.13	17.75	.25	1.43	20.38	10.56	.49	.12 f	32.4	36.2	.00	.0
ICN Pharm	ICN	20.63	16.63	17.63	.25	1.44	20.63	8.50	-2.10	-2.20 s	-100.0	NE	.00	.0
Lilly Eli Co	LLY	80.00	73.88	76.00	-.50	-.65	83.50	40.50	3.69	.39 s	11.1	19.4	1.80	2.4
Lee Pharm	LPH	38.63	28.25	34.88	5.00	16.74	38.63	5.63	.40	1.62 n	450.0	17.6	.00	.0
Leiner P Nutri	PLIN	20.00	18.75	19.75	.25	1.28	21.00	8.25	.81	.03 f	3.8	24.4	.00	.0
Marion Labs	MKC	43.00	39.25	41.50	1.00	2.47	49.63	15.63	.70	.23 f	48.9	59.3	.20	.5
Merck & Co	MRK	106.38	100.63	105.25	3.25	3.19	106.38	51.75	3.79	.76 s	21.7	24.7	2.20	2.1
Morton Thiokol	MTI	35.38	33.25	34.88	.38	1.09	40.50	30.00	2.50	-2.66 n	-67.9	27.7	.70	2.0
Mylan Labs	MYL	23.00	18.00	18.75	-3.75	-16.67	27.13	13.50	.86	.38 q	67.9	19.9	.10	.5
Newport Pharm	NWPH	5.88	4.88	5.88	.38	6.82	14.50	4.88	-.08	-.13 f	-100.0	NE	.80	13.6
Par Pharm	PARP	18.75	16.00	16.00	-1.00	-5.88	20.75	14.25	.47	.01 s	2.0	31.4	.00	.0
Pfizer Inc	PFE	67.50	64.00	66.00	-.38	-.57	72.88	43.75	3.44	.39 s	11.9	18.0	1.64	2.5
Robins, AH	QRAH	11.13	9.13	9.50	-1.50	-13.64	15.63	5.50	2.53	20.85 s	NE	3.5	.00	.0
Rorer Group	ROR	38.25	35.63	36.00	-2.38	-6.19	47.00	32.50	1.72	5.00 s	240.4	5.1	1.12	3.1
Scherer RP Co	SCHC	18.38	16.38	17.63	1.25	7.63	18.38	11.50	-1.23	-.80 f	NE	NE	.32	1.8
Scher Plough	SGP	86.50	80.75	82.13	-1.13	-1.35	88.00	45.00	3.77	.44 s	12.3	20.4	1.80	2.2
Squibb Corp	SQB	121.50	113.00	116.50	-1.00	-.85	121.50	65.13	4.20	.86 s	22.3	24.7	2.00	1.7
Sterling Drug	STY	49.88	46.50	48.25	1.50	3.21	49.88	29.50	1.83	-.48 s	-19.6	24.5	1.32	2.7
Syntex Corp	SYN	70.25	65.50	66.63	-2.63	-3.79	72.75	28.88	4.65	3.31 n	160.7	12.4	1.20	1.8
Thompson Med	TM	14.13	13.25	14.00	.13	.90	21.00	11.75	1.18	-.44 s	-29.1	13.1	.40	2.9
Upjohn Co	UPJ	88.63	85.00	87.00	-1.00	-1.14	103.75	50.38	3.29	.93 s	34.4	24.0	1.52	1.7
Warner-Lambrt	WLA	60.25	57.75	58.75	-.38	-.63	63.13	33.75	-4.05	-6.15 s	-100.0	NE	1.56	2.7
Zenith Labs	ZEN	13.13	9.25	9.75	-2.63	-21.21	18.31	8.69	.73	.52 q	216.7	12.8	.05	.5

All data are based on sources believed to be reliable, but its accuracy is not guaranteed.
Every effort will be made to correct errors, when discovered, in future issues.

FOOTNOTES

NA - Item not applicable to this type of stock.
NC - Data required for calculation currently incomplete in our files.
NE - Negative earnings invalidate calculations.
NM - No meaningful figure.
q - First quarter
s - First six months
n - First nine months
f - Fiscal year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

MERCHANDISING TRENDS

Rite Aid aggressively merchandises its private-label oils and chemicals such as antifreeze next to fast-turning brands in its Camp Hill, Pa., store.

Mass endcap displays of oils, hand cleaners and other engine fluids give a promotional feel to twin gondola displays of automotive at Fay's, Schenectady, N.Y.

Peoples, Hanover, Md., shows broad variety of external car care items in a high-impulse, quick pickup endcap near pharmacy, where shoppers are likely to browse for such convenience items.

Drug stores are the nation's third fastest growing channel for automotive parts sales, according to auto aftermarket industry figures.

The growth pace in the number of drug stores selling auto accessories trailed only auto parts stores and repair shops in the 1980's, while exceeding levels at six other classes of retail trade.

That brightens the picture in auto, which chain sources said performs steadily but remains the smallest merchandise department in drug stores, accounting for less than 2% of the total sales.

Nevertheless, chains such as Rite Aid, Fay's and Perry devote 40 ft. and more in their traditional drug store formats to automotive, applying lessons learned in their specialty automotive chains: Rite Aid's ADAP, Fay's Wheels and Perry's Auto Works.

Peoples gives relatively less space to auto, but highlights its run with an endcap near heavily trafficked pharmacy in one of its newer stores.

Perry drives for higher auto product margins

PONTIAC, Mich. — Perry Drug Stores is using a new automotive department format to heighten exposure of its high margin auto accessories.

By adding a second service counter in as many as 60 auto parts sections in selected drug stores, Perry will improve customer service and traffic patterns, said David Peterson, Perry's corporate vp-merchandising.

Perry has so far installed the new formats in 30 auto departments, the 2,500-to 3,000-sq.-ft. shops that are linked under one roof with Perry drug stores, although accessible through separate entrances.

Peterson said the new format will take over what is currently backroom space, once a wall is knocked out to build the service counter.

Extra space in demand

The extra space is in demand so Perry's drug division can benefit from the knowledge gained in its 5,000-sq.-ft. specialty Auto Works stores, Perry's freestanding 280-store chain, which is spearheading its major push into the auto parts market. The existing drug store departments carry the same number of sku's as a typical Auto Works unit.

"What we're doing is like putting 40 lb. of groceries into a 20-lb. bag," said Peterson of the auto departments, which carry all the model-specific hard parts of the Auto Works stores. Narrower aisles and higher gondolas help make the broad assortment possible.

The average auto parts department will still be staffed by an average of two-and-a-half persons. Staffing a second counter of accessories has already boosted flat sales at some units. "We found that there were true benefits in sales pickup," said Peterson, who declined to give specific figures.

He noted that many independent automotive specialty retailers have been lured into the business by relatively low start-up costs, such as the local Murray's auto parts chain. With $50,000 of start-up capital required, independents are "sprouting up on every street corner," Peterson said.

See **Perry,** *page 16*

DIYers accelerate auto dept. growth

Drug stores will broaden offerings in safety, comfort, and automotive sound product categories, in response to do-it-yourselfers' desires to control their destiny.

Cleaners and chemicals will remain the staples. But drug stores should push further into products such as seat covers, sound systems and brake lights in their quest for high margin sales, while avoiding hard lines that require heavy inventory investments and service expertise, said Robert McMinn, senior vp, Automotive Parts and Accessories Association, in an interview with *Drug Store News*.

Survey findings

The number of drug stores carrying safety, comfort and sound products increased from 43% in 1980 to 51% in 1983, the APAA found in its most recent survey. Those stores carrying chemicals and cleaners grew from 98% to 99%. In comparison, stores carrying engine parts, such as spark plugs and plug wires, decreased slightly to 50%, McMinn said.

The do-it-yourselfer will continue to drive the aftermarket, even though vehicles are becoming increasingly complex, and extended service intervals make maintenance a less frequent duty.

"Despite the many forecasts of his imminent demise, we feel that the 'doer' will be alive and well, buying well into the next century," said McMinn.

'Doer' will thrive

The "doer" will thrive because the major menu of repair projects will remain intact, including oil changes, shock absorber and muffler replacements, waxing and polishing, and anti-

See **DIYers,** *page 16*

More drug stores sell auto parts

(Per cent change in retail stores selling auto products from 1980 to 1983)

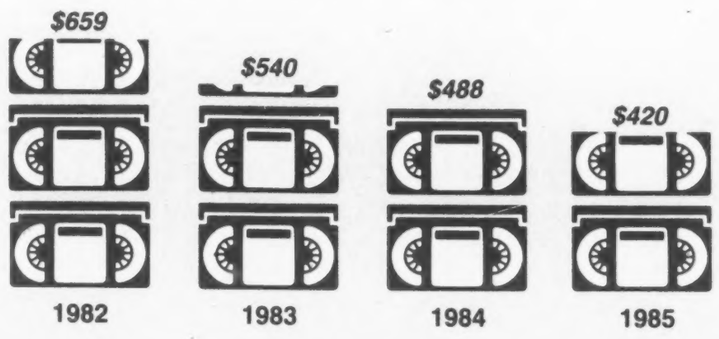
Auto parts stores	33%
Repair shops	17
Drug stores	12
Hardware stores	2
Discount stores	1
Department stores	(7)
New car dealers	(10)
Service stations	(13)
Tire stores	(18)

Most recent figures available
Source: Automotive Parts and Accessories Association

MERCHANDISING TRENDS

Blank video cassettes will grow briskly, thanks to higher VCR sales fueled by falling prices

(Average VCR price paid by consumers)



(Source: Electronic Industries Association, Consumer Electronics Group, April 1986)

VCRs' household penetration will grow 10% annually through the decade, from the level of 35% penetration in 1985. Blank video cassette sales, which have increased tenfold since 1980, will keep pace with the hardware movement, with the average VCR household buying nine cassettes a year. (Source: EIA.)

Drug stores heighten promos to increase videotape shares

Drug store retailers are promoting blank videotapes more to maintain category growth, in the face of flat prices and the increasing number of outlets selling tapes.

In many cases, promotions don't erode margins because they center on manufacturers' rebates direct to consumers. Rebates are fast disappearing, however, causing retailers to use other vendors' promotions, such as buy-three-get-one-free offers and coupon discounts on nonvideotape products, like audio cassettes and film.

Harco Drugs, for instance, has reinforced its usual twice-a-month tape flier ads, with a recent television promotion with Polaroid. It offered a $1 manufacturers' rebate on a $4.99 standard-grade tape.

The campaign counteracted a Wal-Mart everyday promotion of 3M and Polaroid tapes at two for $9, said Harco buyer Keith Connell.

Sales boosted by ads

The ads boosted sales tenfold, turning 30,000 tapes in the month, making Harco's 1986 tape sales already 50% above 1985, Connell said.

Harco did that when it saw declining sales per ad, an increasing occurrence.

"Many retailers have complained that sales per ad are not as good as they used to be," said Tom Zohn, consumer video market development manager for 3M, maker of Scotch brand tapes.

The lessened impact of advertising has spurred new promotional activity, with many chains moving to once-a-week fliers, for example, from twice-a-month promotions, said Zohn.

The dampened response is primarily due to a threefold increase in the number of outlets since 1983, led by increasing participation from supermarkets. Zohn said outlets selling tapes numbered 135,000 in the 1986 May-June period, compared with 105,000 outlets in the same period in 1985 and 79,000 the year before that.

Blank tapes shifted

To gain a video image, Peoples will soon move blank videotapes from behind the photo counter onto a new 4-ft. display between the front end and consumer electronics in its mid-Atlantic and Midwest regions. Tapes will be near 4-ft. of storage cabinets and cleaning accessories, using space now devoted to $1 playing cards.

"Why not sell a $5 to $6 item instead, that gives an image, too," said Bill Pantuso, marketing operations manager.

The stabilization of prices is also forcing retailers to work harder, since the excitement generated by the annual price declines—to half the 1983 level—is no longer a factor in spurring sales. Since January, standard-grade VHS format tapes have held in the $4.59 to $4.99 range.

Vendors can't afford any more price cuts due to the increasing costs of buying and building overseas, as the dollar has weakened against the yen by 35% from its high of one year ago, said Zohn.

"Reliance on the ability to cut prices to get market share is no longer an option [for vendors]," he said.

The cost crunch has caused virtually all major vendors to

See **Videotape,** *page 16*

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MERCHANDISING TRENDS

Multipack videotapes may raise profits

Continued from page 14

eliminate the $1 rebate, which retailers said has been a staple promotional vehicle in generating high volume.

Since Polaroid, for example, is discontinuing the $1 rebate that Harco used so successfully earlier this year, Harco will employ a buy-three-get-one-free promotion in the fall as part of its aggressive promo program, Connell said.

Multipacks introduced

Vendors are introducing new multipacks to stimulate sales per purchase. 3M, for instance, will launch in November a 3-pack of high-grade units, and a 4-pack of standard grade, each at $19.99. They will replace its standard-grade 5-pack at $25 to maintain price under the $20 ticket it believes most attracts sales.

The multipack's advantage of higher profit dollars per sale is helping some retailers recover from flattened sales volume.

"Overall, it takes away the need to be real sharp with the unit price and allows the retailer a little more profit," said one buyer for a Midwestern chain.

But others believe customers aren't ready for the higher ticket. "We don't really feel that the majority of our sales are going to be in multipacks," said Connell at Harco, which has carried the JVC 3-pack among an assortment that includes BASF and Maxell.

Bartell Drugs, the 27-store Seattle, Wash., chain, similarly is avoiding large exposure in multiple-count units, after testing 2-packs by Kodak and Maxell, a spokesman said.

"The cost is more than we think customers want to spend," said a Bartell spokesman, who said the chain has continued experiencing strong sales growth in 1986.

Bartell follows a typical drug store approach of offering a wide selection among the top name brands, even though customers perceive tapes as commodity items. It carries Kodak, RCA, Fuji, Polaroid, Maxell and 3M in the VHS format, with some in Beta format.

"There are too many brands and labels out there now. The perception of most customers is: a tape is a tape is a tape—as long as they recognize the name," the spokesman said.

"But you try to offer variety so at least they feel they're given a choice," he said.

DIYers spur auto growth

Continued from page 13

freeze use.

Also, there are more electronically literate car owners.

"The kids who are being raised on Atari games and computers certainly can cope with electronic diagnostic equipment," said McMinn.

"The American handyman and the automotive subspecies known as the do-it-yourselfer are adaptable, highly motivated and determined to survive, come what may."

Drug stores should not be strongly affected by domestic sales of foreign cars—which accounted for 18% of the fleet as of January 1985—since most items they carry are not model-specific.

As the new car market matures, sales should slow. However, the fleet will grow older, requiring more maintenance products.

The APAA is projecting significant growth in the aftermarket through the decade, with mass merchandisers, specialty automotive chains, and large retail chains leading the way, at the expense of service stations, independent garages, and new car dealers.

Perry benefits by volume buying

Continued from page 13

Perry's rapid growth, marked by a 57% increase in auto parts sales from 1984 to 1985, has allowed the Perry automotive division (including the specialty stores and drug store departments) to benefit from volume purchasing in the auto parts industry's elaborate multitiered pricing structure.

By buying most products at the manufacturer level (supplemented by rack jobbers), Perry can offer retail prices that are lower than what the local gas station must pay to buy through a distributor. Gas stations are among Perry's retail customers, Peterson said.

As the auto works stores continue rolling out at a brisk clip, they are placed adjacent to drug stores to gain leasing and advertising efficiencies. When an Auto Works moves in, the auto shops and Perry's third auto parts format—its mini-auto departments—are phased out in the drug stores.

Perry devotes 42 ft. to the mini-departments, which carry the traditional mix of chemicals and cleaners.

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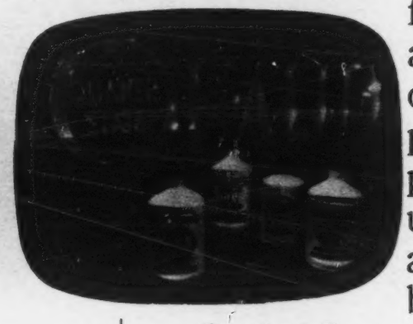

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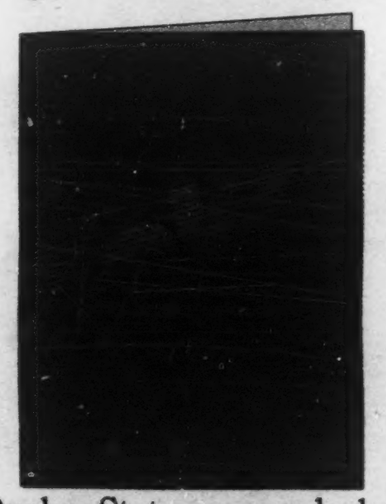

a Quaker State prepared advertisement from our Promotional Suggestions Workbook featuring Quaker State Motor Oil, Filters and/or Antifreeze you can get 125% of the space and time cost to the limit of your accrued fund. Or on multi-product ads, get back 100% of Quaker State's proportionate share.

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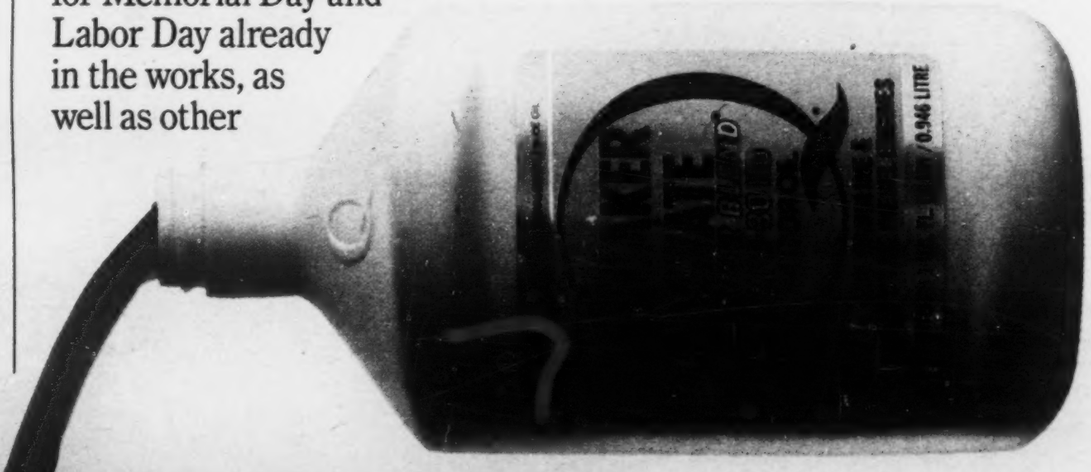

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Top 10 manufacturers whose drugs are diverted			
Company	Wholesale dollars	Company	No. of entries
1. Marion	$1,300,000	1. Upjohn	30
2. Upjohn	934,000	2. Bristol-Myers	15
3. Pfizer	784,000	3. Marion	10
4. Parke-Davis	780,000	4. Squibb	10
5. Squibb	776,000	5. American Home Products	8
6. Bristol-Myers	741,000	6. Procter & Gamble	8
7. Carter Wallace	686,000	7. Schering Plough	8
8. Johnson & Johnson	633,000	8. Abbott	6
9. Eli Lilly	515,000	9. Eli Lilly	6
10. American Home Products	504,000	10. Pfizer	6

Source: House Oversight and Investigations Subcommittee

Reimported drugs' value down

WASHINGTON — The value of reimported American-made drugs—a major supply source of the domestic Rx diversion market—topped $10 million during a six-month period ended last March, but has sharply declined in recent months, according to new figures released by the House Investigations Subcommittee.

Attention over the past year surrounding drug diversion from Congressional hearings and the FBI's Atlanta "pharmoney" drug diversion prosecutions "undoubtedly drastically reduced the volume of reimportations," subcommittee investigator David Nelson told House members.

Included in the report is a new set of Food and Drug Administration figures that show that during March, the value of reimported American-made pharmaceuticals had dropped to $100,000 from $2.5 million last September, at the start of the diversion crackdown.

However, Nelson said the FDA's statistics probably understate the value of drug reimports due to false price reporting by diverters to Customs officials.

The report—which was released late last month during a new round of Congressional hearings on Rx diversions—also contains some harsh criticism of FDA port inspectors, thus adding ammunition for House Investigation Subcommittee chairman John D. Dingell's (D-Mich.) antidrug diversion legislation, which was unveiled earlier this year.

In particular, the findings bolster support for a provision in Dingell's bill to ban the reimportation of U.S.-produced pharmaceuticals that have been exported and then re-enter the United States as "American Goods Returned."

Ohio Rx board bars Tri-State for diversion

WASHINGTON — The Ohio State Board of Pharmacy revoked the license of Tri-State Pharmaceutical and levied a record $2 million fine against the Cincinnati-based drug wholesaler charged with a variety of illegal Rx diversion offenses.

At the same time, the board issued more than $150,000 in penalties against 27 retail pharmacists as a result of the state's widespread investigation of illegal drug diversion.

In testimony during the latest round of House Investigations Subcommittee hearings on prescription drug diversion late last month, Franklin Z. Wickham, Ohio State Board of Pharmacy executive director, revealed that the board has issued 89 actions against pharmacists, wholesalers and retailers. They were accused of dispensing unapproved drugs, physician's samples, birth control products marked "for clinic use only," prescription drugs in plastic bags, drugs intended for use only in hospitals, and repackaged brand name medications.

The Ohio board investigation uncovered Eli Lilly's Keflex capsule samples repackaged in bottles and sold at the retail level; Mead Johnson's Colace capsules kept in rusty bottles by unscrupulous diverters who then repackaged the capsules for sale; and McNeil's Parafon Forte and Stuart's Sorbitrate marked as samples.

Among the board actions taken in Ohio against "terminal distributors of dangerous drugs."

- A two-year probation to four different Drug Emporium stores and a $285,000 fine to a fifth Drug Emporium.
- A two-year probation and $1,000 fine to a Cincinnati Drug King.

PDS says Orudis hits $1M sales per month

PHOENIX — Pharmaceutical Data Services, a division of McKesson, reports that Orudis (ketoprofen), approved earlier this year for the treatment of osteoarthritis and rheumatoid arthritis, is chalking up over $1 million (at acquisition cost) per month in U.S. pharmacy sales.

The nonsteroidal anti-inflammatory, the first antiarthritic product to emerge from American Home Product's pipeline, followed the approval of Johnson & Johnson's Suprol, another NSAID approved as an analgesic. The approval of these drugs marked the first time in nearly four years that the FDA cleared such agents for U.S. marketing.

According to PDS, Orudis sales now are outstripping Suprol sales. In May, the last month for which data is available, Orudis rang up $1.2 million in at-acquisition-cost sales, up from $790,000 in April. In contrast, Suprol sales were $860,000 in May, down from $953,000 in April. Likewise, total prescriptions for Orudis were 71,000 in May, up from 49,000 in April. But Suprol total scripts have dropped from 89,000 in April to 79,000 in May.

Wyeth, the division of American Home Products that is marketing Orudis, earlier said that it hoped to ring up about $30 million in the product's total retail sales for the year.

NEWS CLIPS

FDA head: Patent law has bettered generics

WASHINGTON — Food and Drug Administration Commissioner Frank E. Young enthusiastically told Congress that the two-year-old patent restoration and human generic drug law has helped to promote both competition and lower prices in the development of generic drugs.

The FDA chief told the lawmakers that the $3,200,000 Congress appropriated for the law back in 1984 has "been more than paid back to the public both in terms of the availability of safe and effective generic products and in incentives to drug innovation."

Under the patent term restoration provision of the law, manufacturers of pioneer drugs are able to recapture at least part of the patent life of the drug that was lost to lengthy FDA premarket approval processes.

The abbreviated new drug application provision streamlines the approval process for generic equivalents, thereby allowing the generic products to reach the market earlier.

Young said that "sound public policy demands linkage of the two concepts in order to encourage competition and lower prices through the development of generic drugs and at the same time foster research for new products through patent term restoration."

Additionally, Young urged the senators to bring veterinary drugs under similar ground rules by enacting pending ANDA/Patent Restoration legislation covering these pharmaceuticals.

Young said that the "costly" and "time-consuming" studies that animal drug makers must now go through "is scientifically unnecessary and ethically questionable because it causes needless use and sacrifice of experimental animals."

Ibuprofen products set for exclusivity expiration

On Sept. 24, the exclusivity rights for marketing ibuprofen will end. That means that Nuprin and Advil, marketed by Bristol-Myers and American Home Products, respectively, will not be the only ibuprofen products on the market. Both products' patents are held by the British pharmaceutical company Boots.

In fact, by October the shelves should be flooded with a plethora of new ibuprofen. Upjohn, which makes prescription Motrin and has a marketing agreement with Bristol-Myers to distribute Nuprin, has already introduced Haltran, which it is positioning for the relief of cramps.

And McNeil will launch its over-the-counter ibuprofen, Medipren, in tablets and caplets in late September. Supported by a $30 million ad budget, McNeil reportedly will position the product as coming "from the makers of Tylenol."

A host of generic drug companies will also enter the fray. Par, Barr, Danbury and Chelsea generic drug companies have all received FDA approval for generic ibuprofen. Par, based in Spring Valley, N.Y., is the only drug company that will supply ibuprofen in all five prescription and nonprescription strengths, according to President Perry Levine. It recently received FDA approval to manufacture and market the drug in 800-milligram prescription strength doses.

Ibuprofen currently controls about 6% of the $1.6 billion analgesic market, according to financial analysts. It was the first over-the-counter pain reliever to be introduced in almost 30 years. However, the product did not reach the 15% to 20% market share most analysts had predicted when it was first marketed.

FDA urged to loosen package language rules

ROCKVILLE, Md. — Over-the-counter drug industry leaders are pressuring the FDA to abandon its proposal to permit only officially approved language in a product's statement of identity.

Passage of such a proposal would result in "consumer confusion" at retail pharmacies through "arcane" language appearing on the principal display panel of an OTC product, Proprietary Association president James D. Cope told the FDA earlier last month.

OTC industry officials warned the agency that the proposal would undermine changes made two months ago through the FDA's so-called "exclusivity" policy.

Under the "exclusivity" changes, OTC drug makers are able to use their own words when stating a product's indication on the labeling. These changes were strongly backed by proprietary drug industry leaders on grounds that they would allow manufacturers to describe a product with truthful and nonmisleading language understandable to ordinary consumers.

The new proposal advanced by the agency would require an OTC's statement of identity to include general pharmacological categories or the principal intended actions of the drug appearing in the final monograph.

SmithKline Beckman explains lower earnings

PHILADELPHIA — SmithKline Beckman reported a 14.5% second-quarter increase in sales, but only a negligible 1.6% rise in the company's net profit.

SmithKline's president, Henry Wendt, cited several reasons for the slump in earnings performance.

He said that the $10 million reintroduction of Contac, the U.S. introduction of once-a-day Tagamet, field force expansions in the company's ethical pharmaceutical and eye care business and expenses associated with the consolidation of its U.S. pharmaceutical R&D operations in Upper Merion, Pa., all contributed to the lower earnings.

"We will continue to invest in advertising and promotion, particularly in the third quarter, to re-establish this valuable product and support our Consumer Products franchise," said Wendt in the company's financial report.

According to Wendt, the increase in sales, up 14.5% for the quarter, was "aided by Tagamet, introductory sales of Contac, a recent acquisition in the eye care business [American Medical Optics], and the positive effect of stronger foreign currencies."

Tagamet sales rose 12% in the United States and 17% worldwide.

Manufacturers blamed

Rxers call for better detailing: DrSN study

SPECIAL REPORT

NEW YORK — Pharmacists continue to complain that manufacturers are not giving them enough information on the drugs they dispense, despite a new study that shows the manufacturer doing a fairly good job of making detailing visits.

According to the 1986 *Drug Store News* Nationwide Pharmacy Survey on detailing, 50% of the pharmacists polled reported they see a detail person once a month or more, but are not happy with the amount of information they are receiving with each visit.

In 7 out of 11 areas of information (listed in *Table 1*), pharmacists said they are not receiving enough information. Additionally, once again this year, pharmacists said they want a more balanced, objective analysis of the products being presented.

Low expectation areas

Some areas of information where expectations are particularly low include warnings about possible adverse reactions, warnings on possible drug interactions, a listing of the product's competitive disadvantages and information about why the cost of the product is justified.

Looking at store visitations, independents receive significantly more frequent visits than do chain pharmacists.

A major reason for this is that many chain operations will only permit detail people to visit central buying offices. They do not allow them to call on individual stores.

Asked how often they would like to see a detail person, the majority of pharmacists (53%) said they would like visitations once a month or more, and nearly one-third (30%) desire a visit at least once every two months. The desire to see a detail person was higher among chain pharmacists than independents.

Overall, satisfaction with the visits correlated to frequency. Over half (55%) of the pharmacists are satisfied with their current visitation schedule. More than a quarter (28%) said they would like more frequent detail visits, while 17% said they want to see a detail person less often.

Reasons for seeing reps

Respondents were asked to give reasons for wanting to see manufacturers' reps. The two major reasons were to have the detail person provide information such as updates on new and existing products and to expedite return of unsalable drugs. Not surprisingly, those who wanted to be visited once every two months or once every 3-6 months were somewhat negative with answers such as, "It's a sufficient amount of time for pharmacists' needs," or that they were "too busy to see [detail people] more frequently."

Unsalable merchandise is generally sent back to a warehouse at chain locations, which explains why chain pharmacists did not give this high priority as a reason for seeing detail people. Only 24% of this group picked seeing a salesman to return merchandise as an important factor, while 44% of the independents said it was important to them.

Table 1

Information pharmacists want to receive from manufacturers' reps

	Would like to receive		Currently receiving	
	1985	1986	1985	1986
Warnings about possible adverse reactions	86%	83%	35%	38%
Warnings on possible drug interactions	85	84	22	26
Instructions for advising patients on how to use the product	80	83	57	57
Information about how this product is unique	76	74	53	56
Insight into what the manufacturer is telling physicians about this product	73	71	41	41
A listing of the product's competitive advantages	62	59	60	62
A listing of the product's competitive disadvantages	62	60	10	10
Information about why the cost of the product is justified	60	60	16	17
If a new product, how well it did in clinical testing	48	50	42	42
Statistics on how often physicians prescribe this product	30	31	32	30
If sold overseas, how well it performed within its category	27	31	26	29

Source: Lebhar-Friedman research

Drug-ordering help

In a less important area, 1% of the chain pharmacists said they need to see detail people to help in ordering drugs, while 6% of the independents picked this reason. Again, the difference can be attributed to the way pharmacists at chain stores order merchandise. It is generally ordered through the warehouse and not directly from the manufacturer, as so many independents do.

The study showed that drug manufacturers are putting their people in the field with only a marginal improvement in competitive ammunition on their products than a year before.

Last year, 60% of the pharmacists polled said they were receiving a listing of the product's competitive advantages. This year, 62% said they are receiving that information. The same is true for information on the uniqueness of a product (53% in 1985 vs. 65% in 1986).

One area in which pharmaceutical reps are doing a particularly good job is in informing pharmacists about warnings of possible drug interactions. Last year, 22% of the pharmacists polled said they received that information, compared with 26% this year.

There was only one type of information where detail people dipped slightly: statistics on how often physicians prescribe a product (30% this year, compared with 32% last year). In every other area, they have done a better job or the same job of relaying information about their products. The difference in information being received was not dramatically different between independents and the chains.

Most important information

The pharmacists were asked to list the one most important type of information they would like to receive.

Topping their list was instructions for advising patients how to use the product. While this appeared as the No. 1 information desired last year as well, the response was slightly down this year (27% this year compared to 28% last year).

Ranked second was warnings about possible adverse reactions. The demand for this information was up 2% in 1986 (13% in 1986 vs. 11% in 1985).

The need for more detail visits becomes clearer after examining the data on the estimated number of new products, including new package sizes stocked by pharmacists in 1986.

Stocking new products

It was reported by 18% of the pharmacists that they stocked between 20 and 24 new products on their pharmacy shelves in 1986, exactly the same amount reported last year. A higher number this year reported stocking between 25 and 29 products (10% in 1986 vs. 9% in 1985), but a lower number reported stocking 30-39 products in 1986 (10% in 1986 vs. 11% in 1985).

On balance, the study indicated that independent pharmacists continue to stock more new products than do chain store personnel. The 1986 data show that independents feature significantly more new products (38.7%) than their chain drug counterparts (26.8%).

Another area of the study that points to a needed improvement in detail visits is the amount of prescriptions being written for new products.

On average, 86.5% of the total scripts written in the past year were for existing products compared to 13.5% for new products. There was no difference between chain and independent responses.

We wanted to find out why pharmacists would even consider stocking a new product. To do this, we asked pharmacists to rank their choices among several listed.

Three answers were just percentage points apart:

"Ready availability" was ranked by the majority (52%) of pharmacists as being the single most important factor in taking on new drugs into inventory. In a very close choice for second and third stand "uniqueness" (49%) and "frequency of detailing" (48%). All three were cited as being "extremely important." Less important considerations included "price" (29%) "profitability"(22%) and "physician sampling (21%)."

The "uniqueness," "frequency of detailing" and "profitability" were significantly more important to independent than chain drug pharmacists.

Most successful new item

Pharmacists were asked to name the one new product that they consider as most successful in terms of prescription sales within the past year.

Merrell-Dow's Seldane, a new nonsedating antihistamine, grabbed top honors. It was picked by 25% of the pharmacists. Other new products were mentioned by 9% or fewer.

Other new drugs getting the pharmacists' nod included Vasotec (voted by 9% of the pharmacists), Zantac (7%), Trental and Maxzide (6%) and Suprol and Orudis (3%).

When the pharmacists were asked to cite the one source most valuable in receiving prescription drug patient information, 27% said pharmacists' reference publications. The second most valuable source was product package inserts, with 24% of the vote. Last year, the two sources were tied for first. In third place was the drug manufacturers' representative. Other sources in descending order were trade newspaper stories and direct-to-consumer advertising.

Table 2

Why pharmacists take on new products*

	Total %	Chain	Independent
Readily available	52%	50%	56%
Uniqueness	49	45	55
Frequency of detailing	48	44	54
Price	29	28	30
Profitability	22	18	29
Physician sampling	21	22	20

Source: Lebhar-Friedman research
*Respondents listed as "extremely important"

Table 3

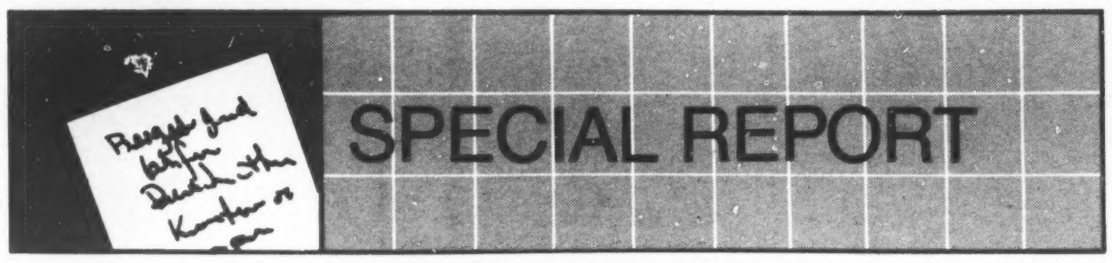
How often pharmacists see detail person

	Total %	Chain	Independent
Once a month or more	50%	50%	50%
Once every two months	26	23	31
Once every 3-6 months	15	17	14
Less than once every 6 months	6	7	3
Never	2	2	1

Percentages may not add up to 100% due to rounding
Source: Lebhar-Friedman research

INSIDE PHARMACY

Mail-order drug system raises concern among



By Marjorie Shaffer

Frederick Mayer, a pharmacist in Sausalito, Calif., tells of a man who came into his store with an empty bottle of Minipress. He desperately needed a refill, but had been without his heart medication for five days because the refill had not yet arrived in the mail.

When Mayer asked him why he used the mail to get his drugs, the man replied, "I get the drugs free through my HMO." Mayer asked him if he knew the cost of a stroke.

In Virginia, an 86-year-old man with a heart condition received through the mail the antiarthritic drug Feldene instead of Procardia. The man took the Feldene at the rate prescribed for Procardia—in doses four times higher than the maximum recommended for Feldene. He eventually developed a gastric ulcer and heart problems. He died of a heart attack.

The doctors treating the man said the Feldene overdose and the lack of Procardia did contribute to his death. The case was settled out of court for about $75,000, according to A. Davis Bugg Jr., a lawyer with the White Stone, Va., law firm of Dunton, Simmons & Dunton, which handled the case.

"Rightful concern"

Incidents like this, pharmacists allege, prove mail-order delivery of drugs is a public health hazard. "It's a rightful concern of pharmacy; if one case could happen, how may others are there?" asked Lou Sesti, director of the Michigan Pharmacists Association.

"I don't have a high opinion of it," said Charles West, executive vp of the National Association of Retail Druggists, which last year set up a clearinghouse for complaints about mail-order drug delivery.

"We get the routine kinds of complaints from people who don't receive medicine on time or in the proper condition, except we are not talking about widgets," said John Rector, NARD's general counsel. "When mail-order pharmacists are filling hundreds of prescriptions a day, there's going to be a lot of problems," he said.

But mail-order pharmacists maintain this is an exaggeration. "There are no facts supporting the contention that the error rate for mail order is higher than that at retail," said James Manning, executive vp at Medco Containment Services in Elmwood Park, N.J. the largest for-profit mail-order business in the country.

"We have quality controls, verified by several state Boards of Pharmacy, over the dispensing process that are substantially better than at retail. Our dispensing errors are negligible, far less than 1%," he said.

Increasingly widespread

Despite the salvos fired off by each side, mail-order delivery of prescription drugs is becoming increasingly widespread as cost-cutting corporate America begins to find more ways to offer cheaper medical benefits.

Once mail-order drug delivery was restricted to nonfunded programs offered by the Veterans Administration, a 40-year-old program filling more than 20 million prescriptions a year, and the American Association of Retired Persons Pharmacy Service (AARP), which mails about seven million prescriptions a year. But in the last 10 years, mail-order for-profit businesses have spung up. They began offering the service to corporations, which offer the program as an alternative to major medical programs, and business boomed.

Today, Medco's mail-order arm, National Pharmacies, mails more than three million prescriptions a year. Among its clients are such heavy hitters as General Motors, United Technologies, Occidental Petroleum, ALCOA and Grumman.

There are at least 10 other for-profit mail-order drug delivery businesses operating.

In 1984, Sears began offering its customers the service through its Mature Outlook program. And J. C. Penney has been offering the service for several years through its Thrift Drug subsidiary.

Another major drug store chain, Walgreens, expanded its mail-order service earlier this year when it announced it would provide the service to more than 100,000 customers through a contract with Mutual of Omaha.

And at least one hospital offers the service. Last year, ArcVentures, a subsidiary of Rush Presbyterian-St. Luke's Medical Center of Chicago, began offering a program.

Some municipalities and state governments, including New York State, also are beginning to offer the service to their employees. And at least one pharmaceutical company, Baxter Travenol, based in Deerfield, Ill., has begun a mail-order prescription drug service in the Midwest.

Appeals to employees

Employers have been drawn to mail-order drug delivery services because it saves money on maintenance medications used to treat chronic illnesses, like diabetes and high blood pressure. Mail order cannot be used for emergency treatments. Money is saved through large-volume purchasing discounts, fewer dispensing fees because customers are supplied with up to a 90-day supply of medications, and fewer claims processing fees. Large savings are also realized through a much higher rate of generic substitution for mail-order drugs, ranging from 10% to 35%, compared to retail pharmacy.

"Overall, consumers can usually save 50% or more on mail-order purchase on either brand or generic products," writes David Saks, a drug expert with Morgan, Olmstead, Kennedy & Gardner of New York City, in a research report.

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>
> **—John Rector**
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>
> **—James Manning**
> *exec vp, Medco Containment Services*

But does mail order really save corporations money? Says Lou Sesti of the Michigan Pharmacists Association, who has been privy to some of the negotiations for Ford Motor Co.'s and Kellogg's mail-order programs, "Management doesn't save much money, but it's a pro-labor bargaining chip for the unions."

Interviews with two benefits managers at corporations that have mail-order service programs with National Pharmacies underscore this point. At Mountain Bell in Colorado, which has had the program for over a year, Paul Tracey, staff manager for benefits, said, "We should have seen a savings,

Does mail-order pharmacy pose a competitive threat to conventional drug stores, or is the issue one of service? Observers are divided on the question.

Feedback on mail order

Excerpts of complaints received by NARD about mail-order delivery of prescription drugs.

From Davison, Mich., a worker in a Baptist Church:

"Received generic phenobarbital 60mg made by Lilly on several occasions, but the last precription filled was twice as large a tablet and had different markings. Had to take the Rx to my local pharmacy and ask my pharmacist for assistance. He tried to call my mail-order pharmacy to ask if the prescription was correct, as he did not recognize the pills, and was told they do not take collect calls under any circumstance, so finally he found out that my pills were correct by calling a local hospital's drug information center, but I am very unhappy with the service of mail-order-pharmacy. Especially annoying is switching generics and giving no notice of the change, or telling the manufacturer on the label."

From Little Rock, Ark., a retiree of Union Life Insurance Company:

"In February 1985, I ordered a prescription refill of #F342875, hydrochlorothiazide 25mg, from Retired Persons Pharmacy of Texas. The tablets I received from them did not look like the ones I had been taking, so I took them to my druggist for identification. He told me they were not hydrochlorothiazide, so I did not take them."

From a spouse of a Uniroyal worker in Missouri:

"My insurance company insisted that I use generic drugs, and it seemed that every time I got my medicine, it was a different color. I had to wait till I called to make sure it was O.K. or return it. . . ."

From Sweetwater, Tenn., a director of pharmacy in a small hospital:

". . . Recently, a patient brought in his medications . . . and he had in his possession thousands of each of his antihypertensive medications . . . filled up one-half of a grocery bag . . . All I know in this instance is that an elderly man living in Tennessee obtained through mail-order prescription from New Jersey multiple thousands of tablets. This most definitely is a health hazard to dispense in such large quantities. . . ."

pharmacists

Mail-order prescription drug services employ hundreds of pharmacists who fill prescriptions in an assembly line-like operation.

Despite the salvos fired off by each side, mail-order delivery of prescription drugs is becoming increasingly widespread as cost-cutting corporate America begins to find more ways to offer cheaper medical benefits.

but it is costing us more than our previous insurance program; the company still has to pay for the prescriptions." However, he added, "The satisfaction of the employees more than offsets the cost of the program."

At Grumman Corp., an aerospace giant in Bethpage, N.Y., benefits manager Mary Cronin said, "We're happy if we break even" on the new program for retirees with National Pharmacies. "It's very difficult to give additional benefits, so you try and be creative and come up with programs that don't cost the company a lot, but give employees something. Grumman is a very paternalistic company," said Cronin.

Found little savings

Cronin also said that after a fairly thorough comparison of drug prices in local pharmacies, including chains, with National Pharmacies' prices, she concluded that there really was not much savings. "They were all very close on prices, especially the chains. It was really hard to find a difference," she observed.

Apparently, at least for some corporations, it is only the employees who do save money on mail-order programs, some of which require no co-pay for prescription drugs.

Most mail-order services also provide a drug information leaflet on prescription drugs and information that alerts patients to drug interaction problems. And, said Medco's Jim Manning, specially insulated packages are used to mail drugs to ensure that temperature extremes do not damage the goods. "Most drug stores get their drugs through UPS, and is that a problem?" he asked.

Central to mail-order delivery of prescription drugs, say pharmacists, is the lack of face-to-face contact between pharmacist and patient, and the severing of the traditional doctor-pharmacist-patient relationship.

But pharmacists contend that money is no substitute for health. "It's cost containment at any cost, no matter what you sacrifice," said John Rector of NARD.

Central to the mail-order delivery of prescription drugs, say pharmacists, is the lack of face-to-face contact between pharmacist and patient, and the severing of the traditional doctor-pharmacist-patient relationship.

"It all adds up to a complete, absolute confrontation with pharmacy as a personal service," said Sesti, of the Michigan Pharmacists Association.

Pharmacist input

Without a local pharmacist, druggists contend, there can be little follow-up and knowledge of a patient's medical history. Thus, there is plenty of room left for error by supplying drugs that can adversely interact. But mail-order pharmacists say they keep meticulous records on all their patients. "We may not see every one of our patients every day or on a one-to-one basis, and I don't know any pharmacy that does," said Delbert Konnor, director of professional services for AARP, at the American Pharmaceutical Association earlier this year.

But, Konnor said, each patient is "in on our patient profile system: each is a special charge account patient with full credit; each has the right to telephone us and discuss medication with a pharmacist practitioner; and each of our patients can write to us explaining medication needs."

Manning maintains that pharmacists are enraged about mail-order delivery of prescription drugs because it is another competitor in an increasingly difficult business. It is not a service issue, he maintains.

Overall, mail-order prescriptions only account for about 2% of the $25 billion U.S. prescription drug industry. "That certainly doesn't seem like a competitive threat—does it?" said Konnor. But what happens when 2% rises to 7%, pharmacists retort.

By concentrating on the public health issue, associations like NARD are trying to focus attention on the hazards of mail-order delivery, rather than its competition with retail pharmacy. Perhaps a harbinger of this approach is the call by Rep. John Dingell (D-Mich.), chairman of the House Subcommittee on Oversight and Investigations, to "closely examine the mail-order dispensing of pharmaceuticals to determine whether or not the public health risk of this growing practice is reasonable." However, a member of Dingell's committee said that such an investigation will not take place for some time.

Efforts to restrict

Meanwhile, there has been no study to determine whether mail-order pharmacy is a public health threat. In the absence of federal intervention, several state boards of pharmacy have tried to support legislation that would restrict mail-order delivery of drugs into the state. The state pharmacy boards have been particularly rankled because they have little, if any, control over the licensing procedure of these out-of-state businesses.

One thorny issue is substituting generics for brand name drugs. Most mail-order businesses are deliberately located in states with fairly liberal substitution laws. But many states, such as Florida, Arkansas and Mississippi, have strict controls on substitution.

Both Florida and Mississippi failed this year to pass legislation that would have required out-of-state mail-order pharmacies to be licensed by the state and adhere to the same regulations as in-state pharmacies. In Mississippi, the governor vetoed the bill, citing interference with interstate commerce as unconstitutional.

"Want a fair shake"

"We are not saying do away with mail order, but we do want a fair shake with these people," said Jim Powers, executive director of the Florida Pharmacy Association. "How are we going to make sure that people in other states are complying with our laws?" he asked.

Central to mail-order delivery of prescription drugs, say pharmacists, is the lack of face-to-face contact between pharmacist and patient, and the severing of the traditional doctor-pharmacist-patient relationship.

"I think it is a great challenge that pharmacists can meet by providing better services."

—Lou Sesti
director,
Michigan Pharmacists Association

So far, only Arkansas has passed an act that would actually regulate out-of-state mail-order pharmacies. But the regulations must be formulated and reviewed by several committees before it can become law—a formidable challenge.

Last month, Assemblyman William J. Filante, a physician from California, called for state legislation that would establish certain in-state controls of mail-order pharmacy. A spokesman for Filante said he will try to stay away from the interstate commerce issue.

Pharmacist's challenge

But until federal or state legislation can more fully regulate what pharmacists see as a threat to the public health, mail order will continue to grow. And it is ultimately up to the pharmacist to meet this challenge.

As Lou Sesti said, "I think it is a great challenge that pharmacists can meet by providing better service."

A sampler of organizations offering mail-order pharmacy services

Organization	Estimated Rxs filled per week	Dispensing locations	Major customers
Veterans Administration	385,000	172 medical centers 220 outpatient clinics	U.S. veterans
American Association of Retired Persons	135,000	Calif., Conn., Ill., Pa., Ore., Mo., Ind., Tex., Wash.	22 million AARP members
Medco Containment Services	100,000	N.J., Ohio. Calif., N.Y., Nev.	General Motors, United Technologies, Occidental Petroleum, ALCOA, Grumman
Health Care Services	25,000	Pa.	Ford Motor, Goodyear
Express Pharmacy Services (Thrift Drug/ J.C. Penney)	18,000	Pa.	General Motors, Pitney Bowes, Rockwell

Safeway break-up seems inevitable to reduce debt

Continued from page 1

son, Robert, control Dart Group.

Sources said KK&R and Dart have discussed the sale to Dart of Safeway's 196-store southern California division, its 222-store mid-Atlantic division, and its 105-store Liquor Barn chain.

The agreement between the two suitors—which KK&R considered necessary to fend off a Dart lawsuit—also gives Dart the option to buy 20% of the new company KK&R has formed to take Safeway private, SSI Holdings Corp. Some analysts said Dart ownership in SSI would allow KK&R to lay off some risk, without giving Dart a say in operations.

Dart is also in the familiar position of cashing in bountifully on its stock holdings: It stands to clear $80 million from its 5.9% stake of Safeway shares.

Safeway became the latest corporation to fall to the takeover craze.

The supermarket industry has been under close examination by investors, who perceive that companies may be worth more broken up with assets sold off piecemeal, than is indicated by their stock prices, which largely reflect earnings performance. Safeway was particularly vulnerable, with its flat sales and erratic earnings, analysts said.

"They've made a lot of progress in the physical store base, but not so much in cost control, in being cost competitive, and in doing a good job on merchandise," said Mark Mandel, analyst at Value Line.

Mandel estimated earnings per share would have fallen to $3.15 in the fiscal year ending in December, compared to $3.83 in 1985.

The projected slump makes KK&R's tender offer all the more attractive to shareholders, who must endorse it by a two-thirds margin, with at least 41,560,000 of Safeway's 61 million shares outstanding tendered.

"I think management did a good job for the shareholders. They probably did a better job in managing this deal than they did in managing the stores," said Albert Klein, an analyst with Albert A. Viner, a brokerage house.

Arbitragers will be chief among the beneficiaries, since they have been among the heaviest buyers since Dart lit a fire under Safeway's stock price in mid-May when it began buying stock at around $40. Safeway shares closed at $65.25 on Aug. 1. Dart Group jumped $10 to $160 on the announcement of its agreement with KK&R.

Analysts said that Safeway's lucrative Canadian and Great Britain divisions are key sale prospects, as KK&R begins selling off divisions to reduce the debt, estimated to cost $350 million to $400 million in annual interest expense.

"The most logical thing is to sell the assets they can get a lot of money for," said Bear Sterns analyst Monroe Greenstein. But analysts also said it could elect to dump unprofitable markets. Since Safeway has long suffered high labor costs in many key markets, it may first see how well labor negotiations go on 40% of its labor contracts that exp[illegible]e this year, Mandel said.

"Grocery chains operate with such thin margins. They will have to reduce debt service costs, or profits would be severely eroded," he added.

Cash flow isn't a funding option if capital expenditures are to continue at the current level. Cash flow (net profits plus depreciation) is $9 per share. Capital expenditures have been $650 million yearly, or $10 a share, leaving minus $1 in cash flow, Mandel noted.

Cash sources besides the sale of assets might include $100 million from elimination of the dividend, and $200 million to $300 million excess in an overfunded pension plan.

While KK&R said some of Safeway's senior management will be offered a 10% share in the new company, it wasn't clear whether existing management, including Peter A. Magowan, chairman of the board and ceo, will stay on.

The takeover is the second time KK&R has whiteknighted Dart, which had offered to buy Beatrice Cos. before KK&R set forth a $6.2 billion buyout in April the largest ever.

KK&R will convert short-term bank loans lined up for the Safeway purchase by Bankers Trust into long-term debt by having SSI Holdings sell junk bonds later this year. Drexel Burnham Lambert Inc., the buyout specialist who was raising Dart's funds, is now expected to help with the SSI junk bond sale.

Retailers concentrate on core biz

Continued from page 1

noncore businesses in order to concentrate strategic thinking and investment dollars on core operations.

"People are focusing on productivity and on return on investment," said Susan Schmierer, retail drug store analyst for Prudential Bache, "and one of the best ways to maximize these areas is to concentrate on what you do best: your core business. Walgreens has always done that, and look at how successful they've been. Eckerd and Revco have been learning the hard way that this, for them, is the better way to go."

"There's definitely a trend toward deconglomeratizing or undiversifying," said Kidder Peabody analyst Steve Albert.

Schmierer said she first noticed the trend last year. She believes that 1985 marked the beginning of what she calls "the third phase in the cycle of retail drug stores: consolidation."

Consolidation through 1990

The consolidation era, she predicted, will last through at least 1990 and will be a period focused on "tightening controls, getting tougher," and in some cases paring back to operating fewer stores so the company overall can be "stronger."

"American Stores has proven that one company can successfully operate food and drug stores at the same time," said one source. Another said there will always be room for the traditional drug store in the marketplace because no combination store, food store or mass merchandise store with drug store merchandise can satisfy the consumer's ongoing need for convenience and variety.

Said Schmierer, "The fact that pharmacy sales have been growing so strongly in retail chain drug stores in spite of the competition from food and mass merchandise stores is proof that there is still more than enough pharmacy business for everyone."

—By Liz Parks

Kroger stresses combos

Continued from page 1

stores, could have a street value of $350 million to $400 million. Bernish said Kroger hasn't pinpointed the value of the stores yet, and that is the first step from which other choices will flow.

He did say there was a small possibility Kroger might keep the Hook division, which has performed better than SupeRx in making money. But he stressed the likelihood that Kroger would disengage itself from the management of all freestanding traditional drug stores to concentrate on expanding and maximizing its Kroger and Dillon combination food and drug stores.

An average combination store, Bernish said, generates sales of $450,000 a week or over $23 million a year. Pharmacy, health & beauty aids, over-the-counter and cosmetic products account for 15%-17% of those average store sales.

That means the drug store departments in a combo can average between $3.45 million and $3.91 million a year. A typical SupeRx does about $1.5 million a year in sales and the average Hook, about $1.2 million.

"What's important to us, too," said Bernish, "is that last year, sales in the drug store division were up just 5.5% off that base of about $1.5 million per store, while combination store sales, off their $23 million per store base, were up almost as much, 4.6%.

Bernish said the main reason Kroger was stepping back from the freestanding drug store retail segment was to concentrate on "our primary business, and that today is combination stores."

He also characterized the apparently sudden decision to divest the drug stores as an "offensive move which just happens to have some coincidence with what's going on in the marketplace right now with Safeway.

"We're not doing this to ward off raiders," he said. "This strategy is designed to build our strength in the long run.

"The only relationship between their situation and ours is that we moved the timetable up a bit because of them.

Bernish also said it is still too soon to say how Kroger will modify its expansion plans once the restructuring has been arranged. Kroger will keep to its plan of opening 40 combination stores in calendar 1986 and as many as 50 to 55 in 1987.

"It'll be after 1987 that you'll see the impact of this restructuring on our expansion timetable," Bernish said.

At presstime, Kroger had 450 combination stores in operation, plus 711 superstore supermarkets. Bernish pointed out that the 450 combination stores generated approximately $7 billion in sales in 1985, as did the 711 superstores.

"In the combination store division, we had the same amount of sales with just half the stores," Bernish said.

Correction

Because of a computer error, several categories of general merchandise contained in our Triple A Product Study ran in reverse order. Below are the correct listings. Please clip and incorporate the new category listings into your saving issue.

We regret any inconvenience this may have caused.

Fastest moving household chemicals/cleaning supplies
(unit sales)

1	Charmin white, 4-pack
2	Reynolds Wrap, 25 ft.
3	Ivory soap family size
4	Ivory soft soap, 9 oz.
5	Charmin yellow & blue, 4-pack
6	White Cloud white, 4-pack
7	Fantastik spray, 32 oz.
8	Bounty big roll
9	Designer Bounty big roll
10	D-Con roach traps, 2-pack

Fastest moving batteries
(unit sales)

1	Duracell D-2
2	Energizer D-2
3	Duracell AA-4
4	Energizer AA-4
5	Duracell AA-2
6	Energizer AA-2
7	Duracell C-2
8	Energizer C-2
9	Eveready Heavy Duty AA-4
10	Duracell Alkaline AAA-2

Most profitable batteries
(gross margin dollars)

1	Duracell AA-4
2	Duracell D-2
3	Duracell C-2
4	Energizer AA-4
5	Energizer D-2
6	Duracell AA-2
7	Energizer C-2
8	Duracell Alkaline 9V BP
9	Eveready Heavy Duty AA-4
10	Energizer AA-2

Fastest moving films
(unit sales)

1	Kodak CL110-24 VR200
2	Kodak CM135-24 VR400
3	Kodak VR disc, single
4	Kodak CP135-24 VR100
5	Kodak VR disc, 2-pack
6	Kodak CL135-24 VR200
7	Kodak CL110-12
8	Polaroid 600 Sun
9	Polaroid SX-70 Time Zero
10	Kodak CM110-24 ASA400

Fastest moving stationery products
(unit sales)

1	Crayola Crayons, 8s
2	Crayola Crayons, 24s
3	Bic Ball Stick pen, black
4	Bic Ball Stick pen, blue
5	Elmer's Glue, 4 oz.
6	Trapper Keeper portfolio
7	Elmer's Glue, 1.25 oz.
8	Scotch Tape, ¾ x 200 in.
9	Elmer's School Glue
10	Scotch sealing tape, 1½ x 400 in.

Most profitable vitamins/supplements
(gross margin dollars)

1	Os-Cal 500mg tabs, 60s
2	Centrum tabs, 100+30
3	Os-Cal 250mg, 100s
4	Ensure Plus, 8 oz., 4- 6-pack case

Most profitable antacids
(gross margin dollars)

1	Mylanta liquid, 12 oz.
2	Mylanta II liquid, 12 oz.
3	Pepto Bismol, 8 oz.
4	Pepto Bismol, 4 oz.
5	Tums peppermint, 150s
6	Gaviscon tabs, 100s
7	Tums assorted flavors, 150s
8	Tums peppermint, 3-pack
9	Alka Seltzer, 36s